

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch**

**RESOLUTION T- 16965
December 1, 2005**

R E S O L U T I O N

**Resolution T-16965. Approval of the Deaf and Disabled
Telecommunications Program (DDTP) Administrative Committee
Fund Surcharge Rate of 0.27% Effective January 1, 2006.**

Summary

This resolution adopts a surcharge rate of 0.27% effective January 1, 2006. This revised surcharge rate shall remain in effect until further revised by the Commission. All certificated telecommunications carriers shall assess a DDTP rate of 0.27 % on their end-user's billings rendered for intrastate telecommunications services on January 1, 2006, and thereafter.

Background

The Commission established the DDTP and has expanded it by Commission order and implementation of three legislative mandates. The three legislative mandates are: PU Code Section 2881(a) which authorizes the provision of TTYs to deaf or hard of hearing individuals; PU Code Section 2881(c) which authorizes the provision of other specialized telecommunications equipment to consumers with hearing, vision, mobility, speech, and cognitive disabilities; and PU Code Section 2881(b) which uses third-party intervention, also known as the California Relay Service, (CRS) to connect consumers who are deaf or hearing impaired with hearing parties. The DDTP was previously managed by an external staff acting as agents of the Commission. The DDTP Administrative Committee (AC) administered the DDTP and oversaw its finances. Two advisory committees, the Equipment Program Advisory Committee (EPAC) and the CRS Advisory Committee (CRSAC), advised the DDTPAC on the equipment and relay service programs.

SB 669 (1999) changed the operations of the Commission's public programs in two ways: 1) it transferred the funds for the programs from a bank trust fund to the State Treasury and, 2) it changed the duties of the administrative committees to those of

advisory boards. The Commission successfully implemented the requirements of SB 669 by October 1, 2001, for the California High Cost Fund-A, California High Cost Fund-B, California Teleconnect Fund, and Universal Lifeline Telephone Service programs.

Because of the size of the DDTP and the complexities involved, the Commission sought an extension of the original deadline for the transfer of the DDTP funds. AB 1734, signed into law in June 2002, provided for an extension of the deadline for the transfer of DDTP funds from July 1, 2002, to July 1, 2003.

On December 17, 2002, the Commission adopted Resolution T-16703 approving a transition plan that included the release of an Invitation For Bid (IFB) to operate and manage the programs and services of the DDTP. On May 22, 2003, the Commission approved Resolution T-16740 awarding a two-year contract to operate and manage the DDTP to the California Communications Access Foundation (CCAF) and received subsequent approval from Department of General Services. The current CCAF contract has been extended and will expire on June 30, 2006.

Discussion

In this Resolution, the Commission adopts a surcharge rate of 0.27% effective January 1, 2006, a decrease from the current rate of 0.30%, until further revised by the Commission.

Appendix A shows the forecasted DDTP Fiscal Year (FY) 2005-06 results of operations using the June 30, 2005, cash balance as reflected in the Certification of Year-End Financial Reports submitted to the State Controller's Office on August 15, 2005, a forecasted billing base of \$20,623.716 million, the FY 2005-06 expense budget as adopted in Resolution T-16895. In addition, Appendix A includes the forecasted DDTP FY 2006-07 results of operations using the forecasted June 30, 2006, ending cash balance, an unchanged forecasted billing base of \$20,623.716 million, the FY 2006-07 expense budget as adopted in Resolution T-16896, and an ending cash balance equivalent to approximately one month of forecasted monthly expenses as of June 30, 2007. Leaving the surcharge rate at the current rate of 0.30% will result in a substantial ending cash balance as of June 30, 2006.

All certificated telecommunications carriers shall assess a revised DDTP surcharge rate of 0.27% on their end-user's billings rendered for intrastate telecommunications services on January 1, 2006, and thereafter.

Comments

In compliance with PU Code § 311 (g), copies of the notice letter were e-mailed on November 1, 2005, to all telecommunications carriers, the parties of record to Investigation (I.) 87-11-031, Rulemaking (R.) 00-05-001, R.03-03-014, for whom email was available, The Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) members, California Relay Service Advisory Committee (CRSAC) members and the Equipment Program Advisory Committee (EPAC) members informing these parties that this draft resolution is available at the Commission's website: <http://www.cpuc.ca.gov/static/industry/telco/resolutions/index.htm> and is available for public comments.

TD did not receive any comments on this resolution.

Findings

1. In October 1999, Public Utilities Code (PU) Code § 270-281 were codified as a result of the enactment of Senate Bill 669.
2. Assembly Bill 1734, signed into law in June 2002, extended the timeframe for the transfer of the Deaf and Disabled Telecommunications Program (DDTP) Administrative Committee Fund into the State Treasury to July 1, 2003, from July 1, 2002.
3. PU Code § 270(b) requires that the monies in DDTP Administrative Committee Fund may only be disbursed pursuant to § 270-281 and upon appropriation in the annual Budget Act.
4. The Commission, in Resolution T-16895, dated February 10, 2005, approved a \$66.800 million DDTP FY 2005-06 expense budget. The FY 2005-06 State Budget appropriated the amount of \$69.580 million for the DDTP Administrative Committee Fund (Senate Bill 77, Stats. 2005, Chapter 38). The Commission, in Resolution T-16896, dated September 22, 2005, approved a \$69.030 million DDTP FY 2006-07 expense budget.
5. The forecasted billing base for FY 2005-06 is \$20,623.716 million.
6. The ending cash balance as of June 30, 2005 and the Commission adopted \$66.8 million FY 2005-06 expense budget allow the Commission to revise the surcharge rate for the DDTP fund from 0.30% to 0.27% effective January 1, 2006, and

thereafter, until further revised by the Commission. The decrease in the surcharge rate will still enable the DDTP fund to register an ending cash balance equivalent to approximately one month of forecasted program expenses as of June 30, 2007.

7. All certificated telecommunications carriers should assess the revised DDTP surcharge of 0.27% on their end-user's billings rendered for intrastate telecommunications services on January 1, 2006, and thereafter, until further revised by the Commission.
8. In accordance with Resolution T-16901, dated December 2, 2004, SBC should file an Advice Letter on or before December 15, 2005, modifying the DDTP surcharge rate from 0.30% to 0.27% to take effect on January 1, 2006, and thereafter, until further revised by the Commission.
9. To maximize administrative efficiency, SBC is allowed to file simultaneously on or before December 15, 2005, the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on January 1, 2006 and thereafter in accordance with the provisions of G.O. 96, as modified by first, second, and third interim orders.
10. Copies of the notice letter advising parties of the availability of this draft resolution for public comments and the conformed resolution, when adopted by the Commission on the Commission's web site, were e-mailed to all telecommunications carriers, the parties of record to Investigation (I.) 87-11-031, Rulemaking (R.) 00-05-001, R.03-03-014, for whom email was available, the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) members, California Relay Service Advisory Committee (CRSAC) members and the Equipment Program Advisory Committee (EPAC) members on November 1, 2005.
11. The Telecommunications Division did not receive any comments on this resolution.

THEREFORE, IT IS ORDERED that:

1. The Deaf and Disabled Telecommunications Program Administrative Committee (DDTP AC) fund surcharge rate of 0.27% effective January 1, 2006, and thereafter, until further revised by the Commission, is adopted.
2. In compliance with Resolution T-16901, dated December 2, 2004, SBC shall file an Advice Letter on or before December 15, 2005, modifying the surcharge rate for the

DDTP AC fund from 0.30% to 0.27%, effective January 1, 2006, and thereafter, until further revised by the Commission.

3. To maximize administrative efficiency, SBC is allowed to file simultaneously on or before December 15, 2005 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on January 1, 2006 and thereafter in accordance with the provisions of G.O. 96, as modified by first, second, and third interim orders.
4. All certificated telecommunications carriers shall assess the revised DDTP AC fund surcharge of 0.27% on their end-user's billings rendered for intrastate telecommunications services on January 1, 2006, and thereafter, until further revised by the Commission.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 1, 2005. The following Commissioners approved it:

/s/ STEVE LARSON

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
SUSAN P. KENNEDY
DIAN M. GRUENEICH
JOHN A. BOHN
Commissioners

DEAF AND DISABLED TELECOMMUNICATIONS PROGRAM ADMINISTRATIVE COMMITTEE FUND			
FORECASTED RESULTS OF OPERATIONS FOR FY 2005-06 AND FY2006-07			
		FY2005-06	FY2006-07
A	FY 05-06 TELECOMMUNICATIONS REVENUE SUBJECT TO SURCHARGES ¹	\$20,623,716,147	\$20,623,716,147
B	SURCHARGE RATES		
a	effective February 1, 2004	0.30%	
b	effective January 1, 2006	0.27%	0.27%
1a	State Controllers Office cash balance June 30, 2005	\$47,894,000	
b	Encumbrances at June 30, 2005	(\$21,119,476)	
2	BEGINNING FUND BALANCE (FY05-06-sum of Ln 1a and Ln 1b)	\$26,774,524	\$19,163,472
3	REVENUES		
a	Surcharges (based on surcharge rates in Ln B)	\$58,777,591	\$55,684,034
b	Investment Income (based on projected cash flow)	\$411,357	\$221,570
c	Total 05-06 Revenues (sum of a thru b)	\$59,188,948	\$55,905,604
4	ADOPTED PROGRAM EXPENSES	\$66,800,000	\$69,030,000
5	FUND BALANCE AS OF JUNE 30, 2006 (Ln 2 + Ln 3c - Ln 4)	\$19,163,472	\$6,039,076
6	Required surcharge rate w/o prior year accumulated fund balance (Ln 4/A)	0.32%	0.33%
7	Adopted surcharge rate (Ln Bb)	0.27%	0.27%
8	Incremental surcharge rate reduction due to prior year accumulated fund balance (Ln 7-Ln 6)*	-0.05%	-0.06%
	¹ Actual based on twelve months recorded intrastate billings amount (September 2004 through August 2005)		
	* For informational purposes only		